



SEN. GEORGE RUNNER (RET.)

MEMBER
STATE BOARD OF EQUALIZATION
CALIFORNIA'S TAX BOARD

April 4, 2014

Assembly Member Raul Bocanegra, Chair
Assembly Committee on Revenue and Taxation
1020 N Street, Room 167A
Sacramento, CA 95814

RE: ASSEMBLY BILL 2031 (DAHLE) - LUMBER PRODUCT ASSESSMENT - SUPPORT -

Dear Assembly Member Bocanegra,

I am writing to urge your support of BOE-sponsored Assembly Bill 2031 (Dahle), which will 1) allow retailers to claim a bad debt deduction for previously reported Lumber Product Assessment (LPA) amounts if the related account becomes worthless, and 2) establish a threshold of annual sales of \$25,000 in qualifying lumber products, under which a retailer is not required to collect and report the LPA.

Beginning January 1, 2013, the Legislature enacted Assembly Bill 1492, imposing a 1% assessment on a person who purchases lumber products and engineered wood products to be collected by the retailer at the time of sale. Unfortunately, the measure did not provide relief for retailers related to the LPA if an account is uncollectible. In effect, retailers must pay the LPA to the BOE whether or not they collected the LPA from their customers, on whom the LPA is actually imposed. Additionally, the bill did not allow an exclusion for qualified businesses that have few to no sales of wood products subject to the LPA.

AB 2031 is intended to provide relief to retailers when they are unable to collect the LPA from purchasers, which is consistent with other tax and fee programs. Additionally, the bill will help ease the burden for qualifying, small sellers of wood products by eliminating the expense of collecting and reporting the LPA.

I am pleased to support AB 2031 and urge your "aye" vote when it is heard before the Assembly Revenue and Taxation Committee on April 7.

Sincerely,

A handwritten signature in blue ink, appearing to read "G. Runner", written over a horizontal line.

GEORGE RUNNER
Second District

cc: Assemblymember Dahle
Julia King, Assembly Republican Consultant